

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: SPA #03-13	2. STATE Kansas
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE April 1, 2003	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 405 42 CFR 430.12		7. FEDERAL BUDGET IMPACT: a. FFY 2003 \$ 0 b. FFY 2004 \$ 0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, #2.c., Pages 4, 7 & 9 Attachment 4.19-B, #2.b., Pages 4, 7 & 9		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B, #2.c., Pages 4, 7 & 9 Attachment 4.19-B, #2.b., Pages 4, 7 & 9	
10. SUBJECT OF AMENDMENT: Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs)			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		X OTHER, AS SPECIFIED: Janet Schalansky is the Governor's Designee	
12. SIGNATURE OF STATE AGENCY OFFICIAL: //Janet Schalansky - signature//		16. RETURN TO: Janet Schalansky, Secretary Social & Rehabilitation Services Docking State Office Building 915 SW Harrison, Room 651S Topeka, KS 66612-2210	
13. TYPED NAME: Janet Schalansky			
14. TITLE: Secretary			
15. DATE SUBMITTED: May 12, 2003			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: May 13, 2003		18. DATE APPROVED: July 25, 2003	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: April 1, 2003		20. SIGNATURE OF REGIONAL OFFICIAL: //Thomas W. Lenz - signature//	
21. TYPED NAME: Thomas W. Lenz		22. TITLE: ARA for Medicaid and Children's Health	
23. REMARKS:			

KANSAS MEDICAID STATE PLAN

Attachment 4.19B

#2.c., Page 7

Methods & Standards for Establishing Payment Rates

Federally Qualified Health Centers

1. Interim payments will be reconciled to the initial baseline rates retroactive to January 1, 2001.
2. In cases where the initial baseline rate is "preliminary", interim payments will again be retroactively reconciled to the "final" baseline rate when it becomes available.

C. Payment Procedure for October 1, 2001 to September 30, 2002

1. PPS baseline rates effective on September 30, 2001 times the MEI index will be set as payment rates.
2. In cases where the baseline rate is "preliminary", when the "final" baseline rate becomes available it will be adjusted by MEI index to yield a finalized PPS rate. The payment rate will be updated and interim payments will be retroactively reconciled to the finalized rate.

D. Payment Rate Effective Each October 1 After September 30, 2002

1. The PPS rates effective on the previous day (9/30 of the same year) shall be adjusted by the MEI index.
2. In cases where the baseline rate used for this rate setting is "preliminary", when the "final" baseline rate becomes available it will be adjusted by MEI index to yield a finalized PPS rate. The payment rate will be updated and interim payments will be retroactively reconciled to the finalized rate.

E. Baseline Rate for New Providers

1. **If Historic Cost Reports Are Available:** If the facility is an established RHC, cost-based rates from Medicare cost reports from the two most recent fiscal years will be used to determine the initial PPS baseline rate. If it is available only from one fiscal year, that will be used for rate setting, provided it is at least a twelve-month period. Data covering the first year of business as a RHC will be excluded.
2. **If No Historic Cost Reports Are Available:** The payment rate shall be the average of the rates paid to other RHCs in the same Metropolitan Statistical Area (MSA) as defined by the Department of Commerce.